LOAN AGREEMENT

between

SOUTH FORK MUNICIPAL AUTHORITY

and

CONEMAUGH HEALTH SYSTEM INC.

Dated as of February 14, 2012

Relating to South Fork Municipal Authority
Hospital Revenue Refunding Bond, Series of 2012
(Conemaugh Health System Project)

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of February 14, 2012 (the "***Loan Agreement***") between the SOUTH FORK MUNICIPAL AUTHORITY (the "***Authority***"), a body corporate and politic duly organized, existing and in good standing under the laws of the Commonwealth of Pennsylvania (the "***Commonwealth***"), and CONEMAUGH HEALTH SYSTEM INC, ("***CHS***"), a nonprofit corporation organized under the laws of the Commonwealth, for itself and as Restricted Group Representative of the Restricted Group hereafter defined. All capitalized terms not defined herein shall have the meaning ascribed to them in the 2012 Indenture.

RECITALS:

WHEREAS, the Authority is organized under and authorized by the Act of the General Assembly of the Commonwealth, known as the Act of May 2, 1945, P.L. 382, as amended and restated by the Municipality Authorities Act, Act of June 19, 2001, P.L. 287, No. 22, as amended (53 Pa. C.S. § 5601 et seq.) (the "***Act***"), to finance and refinance facilities to be used for hospital and health care purposes; and

WHEREAS, the Act further authorizes the Authority to issue revenue bonds for the purpose of defraying the cost of acquiring, improving, and maintaining any such facilities and all incidental expenses incurred in issuing such bonds, and to refund outstanding bonds issued under the Act and to secure the payment of such bonds as provided in the Act; and

WHEREAS, the Authority is agreeing pursuant to this Loan Agreement to issue its $29,985,000 South Fork Municipal Authority Hospital Revenue Refunding Bond, Series of 2012 (Conemaugh Health System Project) (the "***2012 Bond***"), and to lend the proceeds thereof to CHS in order to provide for: (a) the current refunding of a portion of the outstanding principal of the Authority's (i) Hospital Revenue Refunding Bonds, Series B of 1996 (Good Samaritan Medical Center of Johnstown Project) (Conemaugh Valley Memorial Hospital Guarantee), in the aggregate principal amount of Two Million Five Hundred Five Thousand and 00/100 Dollars ($2,505,000.00) (the "***1996B Bonds***"), which were issued pursuant to the terms of a bond indenture ("***1996B Indenture***"), dated as of September 15, 1996 between the Authority and AmeriServ Financial Bank (which was succeeded by U.S. Bank National Association), as trustee, (ii) Hospital Revenue Bonds, Series B of 1998 (Conemaugh Valley Memorial Hospital Project), in the aggregate principal amount of Twenty-Seven Million Seven Hundred Fifty-Five Thousand and 00/100 Dollars ($27,755,000.00) (the "***1998B Bonds***"), which were issued pursuant to the terms of a bond indenture ("**1998B** ***Indenture***"), dated as of August 1, 1998 between the Authority and AmeriServ Financial Bank (which was succeeded by U.S. Bank National Association), as trustee, and (iii) Hospital Revenue Bonds, Series D of 1998 (Meyersdale Medical Center Project) (Conemaugh Valley Memorial Hospital Guarantee), in the aggregate principal amount of Six Hundred Ninety-Five Thousand and 00/100 Dollars ($695,000.00) (the "**1998D Bonds**"), which were issued pursuant to the terms of a bond indenture ("**1998D** ***Indenture***"), dated as of August 1, 1998 between the Authority and AmeriServ Financial Bank (which was succeeded by U.S. Bank National Association), as trustee, and (b) the payment of the costs of financing (the "***2012 Project***"); and

WHEREAS, the Authority is authorized under the Act to issue its bonds for the purposes aforesaid and the Authority has determined that the purposes of the Act will be achieved by the Authority's issuance of bonds in order to obtain funds to loan to CHS for the foregoing purposes; and

WHEREAS, the 2012 Bond is to be issued as one series of bonds under the 2012 Indenture hereafter described; and

WHEREAS, in order to accomplish such purposes the Authority will execute and deliver a Trust Indenture dated as of February 14, 2012 (the "***2012 Indenture***") with U.S. Bank National Association as Trustee (the ***"Trustee"***) and will issue pursuant to the 2012 Indenture the 2012 Bond in an aggregate principal amount of $29,985,000, which shall be designated "South Fork Municipal Authority Hospital Revenue Refunding Bond, Series 2012 (Conemaugh Health System Project)"; and

WHEREAS, the execution and delivery of the 2012 Indenture and the issuance of the 2012 Bond under the Act have been in all respects duly and validly authorized by resolution duly passed and approved by the Authority; and

WHEREAS, the Authority will lend the proceeds of the 2012 Bond to CHS pursuant to this Loan Agreement and CHS will covenant to make installment payments at such times and in such amounts so as to provide for payment of the principal of, premium, if any, and interest on the 2012 Bond outstanding under the 2012 Indenture; and

WHEREAS, Conemaugh Valley Memorial Hospital ("MMC"), a nonprofit corporation organized and existing under the laws of the Commonwealth of Pennsylvania has granted a mortgage of the Hospital Premises, as hereinafter defined, pursuant to the Mortgage dated as of September 1, 2005, as amended, as security for Parity Debt, as hereinafter defined, including the 2012 Bond;

WHEREAS, the 2012 Bond shall be secured by the "Trust Estate" defined in the 2012 Indenture, including CHS's obligations under this Loan Agreement and, as security for the satisfaction of its obligations under this Loan Agreement, CHS will, on the date of execution and delivery hereof, issue its promissory note (the "***Series 2012 Master Note***") under the terms of and pursuant to the Master Trust Indenture dated as of November 1, 1985, as heretofore amended and supplemented, and as further supplemented by Supplemental Master Indenture No. 22 dated as of the date hereof (collectively, the "***Master Indenture***"), among CHS, as Restricted Group Representative (the ***Restricted Group Representative"***), and U. S. Bank National Association, as master trustee, successor to United States National Bank in Johnstown, in such capacity (the "***Master Trustee***"); and

WHEREAS, CHS and MMC (defined as the "Corporation" under the Master Indenture), are jointly and severally liable for all obligations issued pursuant to the Master Indenture; and

WHEREAS, Good Samaritan Medical Center of Johnstown, Meyersdale Community Hospital (also known as Meyersdale Medical Center) and Miners Hospital (also known as Miners Medical Center) are "Restricted Affiliates" under the Master Indenture by virtue of executing and delivering Contribution Agreements, as defined therein, and are jointly and severally liable for all obligations issued pursuant to the Master Indenture); and

WHEREAS, under the Master Indenture the Corporation and the Restricted Affiliates constitute the "Restricted Group", as defined therein, and CHS is the designated the Restricted Group Representative, with power to act on behalf of the Restricted Group; and

WHEREAS, the Authority and CHS, acting as Restricted Group Representative as aforesaid, hereby agree to enter into this Loan Agreement, under the terms of which the Authority will lend the proceeds from the sale of the 2012 Bond to CHS to finance a portion of the costs of the 2012 Project and CHS will repay such loan by making installment payments to the Authority in an aggregate amount sufficient to pay the principal of, premium, if any, and interest on the 2012 Bond as the same become due and payable;

WHEREAS, the Authority is assigning its rights and benefits under this Loan Agreement (except for the Unassigned Rights) and the Series 2012 Master Note to the Trustee as security for the payment of the 2012 Bond; and

WHEREAS, the issuance, sale and delivery of the 2012 Bond and the execution and delivery of this Loan Agreement have been in all respects duly and validly authorized in accordance with the Act by the resolutions of the Authority;

NOW, THEREFORE, in consideration of the promises and of the mutual representations, covenants and agreements herein set forth, the Authority and CHS, each intending to legally bind themselves and their respective successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS - ACCEPTANCE OF INDENTURE

Section 1.01. Definitions. All terms which are defined in the Recitals hereto shall have the meaning assigned to them therein, unless otherwise defined herein or unless the context clearly requires otherwise. Capitalized terms used in this Loan Agreement and not otherwise defined herein, unless the context clearly requires otherwise, shall have the same meanings as set forth in the Indenture.

In addition, the following terms shall have the meanings specified below:

"Authority Fee" shall have the meaning set fourth in Section 4.02(g) hereof.

"Bond Purchase and Bank Covenants Agreement" means the Bond Purchase and Bank Covenants Agreement, dated as of February 14, 2012, by and between CHS and PNC Bank, National Association.

"CHS" means CHS, acting in its capacity as Restricted Group Representative, unless the context clearly otherwise requires.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to the 2012 Bond or the use of the proceeds thereof.

"Documents" means this Loan Agreement, the 2012 Indenture, the 2012 Bond, the Master Indenture, the Series 2012 Master Note and all other documents executed by CHS or the Authority in connection therewith.

"Event of Default" means any of the events set forth in **Section 6.01** hereof.

"Fiscal Year" means, with respect to CHS, the period beginning on July 1 of any year and ending on June 30 of the following year (or such other dates as CHS may set forth from time to time in a written notice to the Trustee).

"GAAP" shall mean generally accepted accounting principles as defined more specifically in **Section 1.04** hereof.

"Hospital Facilities" means the Conemaugh Valley Memorial Hospital campus located at 1086 Franklin Street, Johnstown, Pennsylvania and the Meyersdale Community Hospital campus located in Meyersdale, Pennsylvania.

"Hospital Premises" or **"Mortgaged Premises"** means as of any particular time, the real estate described in the Title Policy, and the structures located thereon, and facilities, structures and franchises appurtenant thereto, and such property and equipment located therein.

"Indenture Event of Default" means as event of default as defined in **Section 702** of the Indenture.

"Loan" means the loan to CHS by the Authority, concurrently with the issuance of the 2012 Bond, of the gross proceeds from the sale of the 2012 Bond for the purpose of financing the Project.

"Loan Payments" shall mean the payments to be made pursuant to Article IV of this Loan Agreement.

"Officer's Certificate" means a certificate signed, in the case of a certificate delivered by CHS, by an Authorized Officer of CHS or, in the case of a certificate delivered by any other Person, the chief executive officer, chief financial officer or any vice president of such other Person, in either case whose authority to execute such Certificate shall be evidenced to the satisfaction of the Trustee.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof or any other group or organization of individuals.

"Property" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated.

"Purchaser" shall mean PNC Bank, National Association or its successor or assigns.

"Unassigned Rights" means the fees and expenses payable to the Authority, the Authority's right to indemnification under **Section 5.02** hereof and the Authority's right to execute and deliver supplements and amendments to this Loan Agreement, and to receive notices pursuant to this Loan Agreement or the Indenture.

All definitions of documents herein shall include any and all amendments and supplements thereto and all definitions of persons or entities shall include their respective successors and assigns.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP in effect from time to time, as modified by **Section 1.04** hereof. For the purpose of computing compliance with any covenants contained in this Loan Agreement, unless otherwise specified, the financial statements of CHS shall be used.

Section 1.02. Acceptance of Indenture. CHS acknowledges that it has received an executed copy of the Indenture and that it is familiar with the terms and conditions of the Indenture. CHS further covenants that it will comply with all the conditions and covenants contained in the Indenture relating to CHS, and that it will not take any action which would cause a default thereunder or jeopardize the rights of the Trustee, the Authority or the Bondholders.

Section 1.03. Assignment to Trustee. The Authority hereby notifies CHS, and CHS hereby acknowledges, that all of the Authority's right, title and interest in this Loan Agreement (except for the Unassigned Rights) are being assigned and pledged to the Trustee as security for the 2012 Bond. CHS consents to such assignment and acknowledges that the 2012 Bond is being issued in reliance by the Trustee upon the assignment of the Authority's rights under this Loan Agreement to the Trustee. CHS agrees that it shall perform all obligations and pay all amounts due from the Authority under the 2012 Bond and the Indenture so that at all times there shall be no default thereunder.

Section 1.04. Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Loan Agreement or any agreement, document or certificate executed and delivered in connection with or pursuant to this Loan Agreement, such determination or computation shall be done in accordance with GAAP. To the extent that changes in GAAP shall occur subsequent to the date hereof, the provisions hereof shall be construed, at the election of CHS, in a manner so as to give effect to the intent of the same on the date of execution and delivery hereof or in a manner so as to give effect to the change in GAAP.

ARTICLE II

THE PROJECT

Section 2.01. The Project. The Project consists of financing, through the Authority's issuance of the 2012 Bond, all or a portion of the costs of the Project, as previously defined.

Section 2.02. Costs of Project. CHS agrees and acknowledges that there is no implied or express warranty that the proceeds of the 2012 Bond will be sufficient to pay the costs of the Project. CHS further agrees to cover such costs in the event the proceeds of the 2012 Bond are insufficient for such purpose, as provided in Section 3.04 hereof.

ARTICLE III

LOAN OF BOND PROCEEDS

Section 3.01. Sale and Delivery of Bonds. In order to provide the funds necessary to finance the Project as provided for in this Loan Agreement, the Authority agrees that it will use its best efforts to cause the 2012 Bond to be issued, sold and delivered. The Authority shall deposit the proceeds from the sale of the 2012 Bond with the Trustee to be expended and deposited all in accordance with the provisions of the Indenture.

Section 3.02. Loan of Bond Proceeds. Subject to the conditions hereof, the Authority will, concurrently with the issuance of the 2012 Bond, lend the proceeds from the sale of the 2012 Bond to CHS for the purpose of financing the Project.

Section 3.03. Use of Bond Proceeds. CHS shall use the proceeds of the 2012 Bond to pay the costs of the 2012 Project, as well as to pay issuance costs and provide a reserve for the 2012 Bond.

Section 3.04. CHS Contribution. In the event the Loan should not be sufficient to pay the costs of the Project, CHS shall pay those costs in excess of the amount of the Loan.

Section 3.05. Security. This Loan Agreement is a general obligation of CHS, on its own behalf and as Restricted Group Representative, and is secured by the covenants and agreements set forth herein as well as by the Series 2012 Master Note.

Section 3.06. Conditions Precedent. The obligation of the Authority to provide the Loan is subject to the satisfaction of the following conditions:

(a) The representations and warranties set forth herein shall be true and correct on and as of the date of the issuance of the 2012 Bond and on such date no Event of Default (as hereinafter defined) and no condition or act which with the giving of notice or the lapse of time or both, would constitute such an Event of Default, shall have occurred and be continuing or shall exist;

(b) CHS shall furnish to the Authority and the Trustee an Opinion of Counsel for CHS in form and substance satisfactory to the Authority as to matters which the Authority and the Trustee shall reasonably request;

(c) All legal details and proceedings in connection with the issuance of the 2012 Bond and the making of the Loan shall be in form and substance satisfactory to the Authority and the Authority shall have received all originals or certified or other copies of such documents and proceedings in connection therewith in form and substance satisfactory to it as it may reasonably request; and

(d) CHS complies in all material respects with **Section 2.11** of the Master Indenture.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.01. Repayment of Loan. CHS hereby covenants and agrees that it shall repay the Loan to the Authority by making installment payments, in the manner and at the times hereinafter set forth, in sums sufficient to pay the principal of, premium, if any, and interest payable on the 2012 Bond, and to pay all other amounts payable under the terms of this Loan Agreement. CHS may comply with the foregoing provisions of this section by causing one or more members of the Restricted Group make such payments as and when due.

Section 4.02. Time and Manner of Repayment. CHS agrees to make, or to cause another member of the Restricted Group to make, the following payments on the following dates:

(a) Principal and Interest Payments. CHS shall make equal monthly deposits with the Trustee for deposit into the Bond Fund so that at least ten (10) days prior to a principal or interest payment date for the 2012 Bond there are amounts sufficient to provide for the payment of principal and interest due on such payment date.

(b) Payments Required to Effect Mandatory Redemption. On or before each mandatory redemption date, an amount equal to the amounts set forth in the Indenture with respect to the mandatory redemption of the 2012 Bond on such mandatory redemption date.

(c) Payments Required to Effect Optional Redemption. On or before the Business Day next preceding the date of redemption of any Bonds to be optionally redeemed pursuant to **Section 501(a)** of the Indenture, an amount not less than the full amount required to pay the principal of and premium, if any, on such 2012 Bond to be optionally redeemed. Prior to any such redemption, the Trustee shall give notice thereof to the Authority and CHS, specifying the date fixed for such redemption and the principal amount of the 2012 Bond to be redeemed. On or prior to the date fixed for redemption, CHS shall pay or cause to be paid to the Trustee moneys in an amount sufficient to redeem the 2012 Bond at the redemption price set forth in the

Indenture; provided, however, no payment shall be required if the notice of such redemption is conditional.

(d) Rebate to the United States. If there is any amount required to be paid to the United States pursuant to Section 148(f) of the Code, **Section 405** of the Indenture and/or **Section 5.05(b)** of this Loan Agreement, CHS shall pay such amount to the Trustee for deposit to the Rebate Fund created under **Section 405** of the Indenture, which will submit the payment to the United States in accordance with the written instructions required by said Section.

(e) Deficiency in Debt Service Reserve Fund. If there is any deficiency in amounts required to be deposited in the Debt Service Reserve Fund pursuant to **Section 404** of the Indenture, CHS shall, upon notice from the Trustee, pay such amounts to the Trustee at such times as are required by **Section 404** of the Indenture. If a disbursement is made pursuant to a Qualified Debt Service Reserve Facility permitted pursuant to the Indenture, CHS shall either (i) cause the maximum limits of such letter of credit or insurance policy to be reinstated, or (ii) deposit into the Debt Service Reserve Fund an amount equal to the amount of the disbursement made under such letter of credit or insurance policy, or a combination of such alternatives, as shall provide that the amount of cash, together with any such Qualified Debt Service Reserve Facility then in force, in the Debt Service Reserve Fund equals the Reserve Requirement within a time period not longer than would be required to restore such Fund by operation of the provisions of **Section 404(d)** of the Indenture.

(f) Trustee's Fee. While the 2012 Bond remains Outstanding, the reasonable compensation and expenses of the Trustee under the Indenture shall be paid directly to such Trustee by CHS upon the receipt by CHS of a bill for such services from the Trustee.

(g) Authority's Fees. CHS shall pay the Authority's closing fee in the amount of $15,000 on the Closing Date and will pay the Authority's Annual Fee in annual installments thereafter in the amount of $1,000 commencing on February 14, 2012 and on February 14 of each year thereafter until the redemption or maturity of the 2012 Bond. CHS also shall pay any other administrative expenses incurred in connection with the financing of the Project (including, but not limited to, the costs and expenses described in **Section 7.07(c)**), and any such additional fees and expenses (including reasonable attorney's fees) reasonably incurred by the Authority in connection with investigating or enforcing the performance by CHS of its obligations hereunder or in connection with regulatory inquiries and enforcement actions by the Commonwealth or any of its instrumentalities, or by the United States or any of its instrumentalities, in each case within thirty (30) days of receipt of a statement from the Authority requesting payment of such amounts (collectively the **"Authority Fee"**).

Section 4.03. Payment Credits. To the extent that any payment required to be made pursuant to Subsections (a) through (c) of **Section 4.02** would cause the amount in the Bond Fund in the Indenture to exceed the amount required to be transferred by the Trustee from said Bond Fund pursuant to the provisions of the applicable subsection of Article IV of the Indenture on or before the next succeeding payment date, the payment required by **Section 4.02** shall be reduced so that such excess will not occur.

CHS may make all or any part of any payment required by **Section 4.02(b)** or **4.02(c)** by delivering to the Trustee any Bond maturing, or subject to mandatory redemption or optional redemption (assuming notice in accordance with the Indenture has been timely delivered), on the maturity or redemption date immediately following the date of such delivery and having it credited at the face amount to the payment and canceled by the Trustee.

In addition, CHS shall be entitled to a credit during the last year of maturity to the extent that any payment required to be made pursuant to Subsections (a) through (d) of **Section 4.02** would, together with the amount held by the Trustee in all funds (other than the Rebate Fund) under the Indenture, exceed the principal amount of the 2012 Bond Outstanding and the amount of the interest due both at the final maturity date and the interest payment date immediately preceding the final maturity date.

Section 4.04. Additional Amounts Payable by CHS. In the event CHS should default under any of the provisions of this Loan Agreement and the Authority or the Trustee (in its own name or in the name and on behalf of the Authority) should employ attorneys or incur other expenses for the collection of the payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of CHS herein contained, CHS will, on demand therefor, pay to the Authority or the Trustee (as the case may be) the fees of such attorneys and such other expenses so incurred.

Section 4.05. Payments to Trustee. The Authority and CHS acknowledge and agree that all payments and other amounts payable by CHS hereunder pursuant to subsections (a) through (g) of **Section 4.02** shall be paid directly to the Trustee.

Section 4.06. Payments Unconditional; No Defense or Set-Off.

(a) The obligations of CHS to pay the installments and other amounts payable hereunder shall be absolute and unconditional without defense or set-off by reason of any default by the Authority under this Loan Agreement or under any other agreement between CHS and the Authority or for any other reason, including, without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the property, commercial frustration of purpose or failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement, it being the intention of the parties that such installment payments and other amounts will be paid in full when due without any delay and will be received by the Authority and the Trustee as a net sum without deduction, abatement, diminution or set-off of any kind whatsoever.

(b) Damage to or destruction of all or any portion of the Hospital Facilities by fire or any other cause or taking of all or a portion of the Hospital Facilities of CHS by condemnation shall not terminate this Loan Agreement or cause any abatement of or reduction in the payments to be made by CHS hereunder, or otherwise alter the respective obligations of the Authority or CHS as set forth herein, except that, to the extent the Net Proceeds are applied by the Trustee to the prepayment of the 2012 Bond pursuant to **Sections 501(b)** and **608** of the Indenture and **Section 4.08**, the obligation of CHS hereunder shall be reduced accordingly. CHS covenants to comply with the requirements of **Section 608** of the Indenture and to give written notice to the Trustee of any event described in this Section and as required by **Section 608** of the Indenture within ten (10) days after the occurrence thereof.

Section 4.07. Optional Prepayments By Corporation. CHS may prepay all or any portion of the Loan to the same extent and upon the same conditions that the Authority has the right to prepay or defease all or a portion of the 2012 Bond in accordance with **Section 1101** of the Indenture. Any such amounts prepaid by CHS to the Trustee shall be credited against the outstanding balance of the Loan hereunder. Partial prepayments of the Loan made by CHS hereunder shall be credited against the obligation of CHS to pay amounts equal to the principal due on the 2012 Bond in such order as CHS shall elect prior to such purchase or if no such election is made prior to such purchase, in the inverse order thereof. Payments of principal installments and interest falling due shall continue to be made in accordance with **Sections 4.01** and **4.02** until the entire outstanding balance of the Loan and all accrued

interest have been paid or provision satisfactory to the Trustee has been made for the defeasance of the 2012 Bond in accordance with **Section 1101** of the Indenture.

If there are sufficient moneys available with the Trustee to meet the payment of principal of, premium, if any, and interest on all the Outstanding Bonds and sufficient funds available with the Trustee to meet all remaining obligations of CHS to the Authority and the Trustee, the Trustee shall so notify CHS in writing, and CHS shall then be relieved of making any further payments hereunder, and this Loan Agreement shall terminate.

Section 4.08. Acceleration of Payments; Extraordinary Redemption. CHS shall notify the Authority and the Trustee promptly of any damage to or any destruction or condemnation of any portion of the Hospital Facilities in excess of 10% of Property, Plant and Equipment pursuant to section 608 of the Indenture and its receipt of any Net Proceeds which are to be applied to the redemption or prepayment of the 2012 Bond pursuant to **Section 608** of the Indenture. Any amount so applied shall in turn be deposited to the Bond Fund established under the Indenture and shall be used to make corresponding payments to effect the extraordinary redemption of the 2012 Bond pursuant to **Section 501(b)** of the Indenture.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND COVENANTS OF CHS

Section 5.01. General Representations, Warranties and Covenants. CHS represents, warrants and agrees that:

(a) All information, representations and warranties set forth in the certificates executed and delivered by CHS in connection with the issuance of the 2012 Bond by the Authority are true, correct and complete as of the date thereof and as of the date of execution of this Loan Agreement.

(b) CHS shall not take any action that would cause the occurrence of an Indenture Event of Default.

(c) CHS (i) is a nonprofit corporation duly organized and existing under the laws of the Commonwealth; (ii) is recognized as an organization exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code; and (iii) has the power to own its property and to carry on its business.

(d) CHS has full power and authority to execute and deliver the Documents to which it is a party, and to incur and perform the obligations provided for therein, all of which have been duly authorized by all proper and necessary action and all material governmental licenses, authorizations, consents and approvals required. No consent or approval of any other person or public authority or regulatory body (other than the Authority) is required as a condition to the validity or enforceability of any of the Documents to which CHS is a party or, if required, the same has been duly obtained.

(e) Each of the Documents to which CHS is a party has been properly executed by CHS, constitutes the valid and legally binding obligation of CHS and is enforceable against CHS in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights.

(f) There is no litigation or proceeding pending or, so far as CHS knows, threatened before any court or administrative agency which, in the opinion of CHS, will materially adversely affect the financial condition or operations of CHS or the authority of CHS to enter into, or the validity or enforceability of, any of the Documents to which CHS is a party.

(g) There is (i) no provision of any existing mortgage, indenture, contract or agreement binding on CHS or affecting its property, and (ii) no law binding upon CHS or affecting any of its property, which would conflict with or in any way prevent the execution, delivery or performance of any of the Documents to which CHS is a party or which would be in default or violated as a result of such execution, delivery or performance.

(h) CHS has filed all required federal, state and local tax returns which are required to be filed by CHS or has received extensions for filing the same and has paid all taxes as shown on such returns as they have become due. No claims have been assessed and are unpaid with respect to such taxes.

(i) There is no default by CHS under this Loan Agreement or any other Documents and, no event has occurred and is continuing, and no condition exists which, with notice or the passage of time or both, would constitute a default under any thereof.

(j) CHS shall continue to maintain a long term underlying debt rating with Moody's Investors Service, Inc.

Section 5.02. Indemnification of Authority and Trustee. CHS agrees that the Authority and the Trustee and the members, officers, attorneys, agents and employees thereof shall not be liable for and CHS covenants and agrees to protect, exonerate, defend, indemnify and save the Authority and the members, officers, directors, attorneys, agents and employees thereof and the Trustee, its members, officers, directors, attorneys, agents and employees, harmless from and against (a) any and all costs, damages or liabilities which may arise out of the issuance of the 2012 Bond or arising from any breach or default on the part of CHS in the performance of any covenant or agreement on the part of CHS to be performed pursuant to the terms of this Loan Agreement and (b) all reasonable costs, claims, losses, fines, penalties, expenses (including but not limited to out-of-pocket and incidental expenses, legal fees and expenses) counsel fees (including the allocated costs and expenses of in-house counsel and legal staff), expenses and liabilities incurred in or about the defense of any such claims or actions or proceedings brought thereon. CHS may, at its cost and in its name or in the name of the Authority, prosecute or take any other action involving third persons which CHS deems necessary in order to insure or protect CHS's rights under this Loan Agreement; in such event, the Authority will reasonably cooperate with CHS, but at the sole expense of CHS.

Notwithstanding anything stated herein to the contrary, CHS agrees to indemnify and hold the Trustee and its directors, officers, agents and employees harmless from and against any and all claims, liabilities, losses, damages fines, penalties and expenses (including legal fees and expenses) that may be imposed on, incurred by, or asserted against the Trustee for following any instruction or other direction upon which the Trustee is entitled to rely pursuant to the terms of this Agreement or the Bond Indenture. In addition to, and not in limitation of the preceding sentence, CHS covenants and agrees to indemnify and hold the Trustee harmless from and against any and all claims, liabilities, losses, damages fines, penalties and expenses (including legal fees and expenses) that may be imposed on, incurred by, or asserted against the Trustee in connection with the Trustee's performance under this Agreement or the Bond Indenture, provided that the Trustee has not acted with negligence or willful misconduct.

The Authority or the Trustee shall give prompt written notice to CHS of any claim asserted against the Authority, its members, officers, attorneys, agents, or employees, or the Trustee and its members, officers, directors, attorneys, agents or employees when such claim becomes known and which, if sustained, may result in liability of CHS hereunder; provided, however, that the failure of the Authority or the Trustee or their respective members, officers, directors, attorneys, agents or employees to give such notice shall not relieve CHS from its obligations to protect, exonerate, defend, indemnify and save the Authority and its members, officers, attorneys, agents or employees or the Trustee and its members, officers, directors, attorneys, agents and employees harmless as aforesaid, except to the extent that the failure to give such notice results in actual loss or damage to CHS. In case any such action or proceeding is brought against the Authority, its members, officers, attorneys, agents or employees, or the Trustee, its members, officers, directors, attorneys, agents or employees, by reason of any such claim, CHS, upon notice as aforesaid, covenants and agrees diligently to resist or defend such action or proceedings; provided, however, that the indemnified party or parties will cooperate and assist in the defense of such action or proceeding if reasonably requested to do so by CHS; provided further, that if the Authority or the Trustee should reasonably determine that the legal defenses to an action available to it conflict with those legal defenses available to CHS to such an extent that separate counsel should be retained by the Authority or the Trustee, CHS shall reimburse the Authority or the Trustee (as applicable) for the reasonable attorney's fees of such separate counsel. The foregoing indemnification obligations shall survive the termination of this Loan Agreement.

Notwithstanding anything contained herein to the contrary, CHS shall not be obligated to indemnify or hold harmless the Authority or its members, officers or employees for its or their negligence or willful misconduct or the Trustee, its members, officers, directors, attorneys, agents or employees, for its negligence or willful misconduct.

Section 5.03. Reports and Audits. CHS shall:

(a) As soon as practicable but in no event later than one hundred fifty (150) days after the end of each Fiscal Year, file with the Purchaser and the Authority Audited Financial Statements (and combined or consolidated audited financial statements if appropriate under GAAP) of CHS (or of any consolidated group of companies of which CHS is a member) prepared as of the end of such Fiscal Year;

(b) As soon as practicable but in no event later than one hundred fifty (150) days after the end of each Fiscal Year, file with the Purchaser and the Authority an Officer's Certificate stating whether, to the best knowledge of the signer(s) CHS is in default in the performance of any covenant contained in this Loan Agreement and, if so, specifying each such default of which the signer(s) may have knowledge;

(c) If an Event of Default shall have occurred and be continuing, (i) file with the Trustee and the Authority such other financial statements and information concerning the operations and financial affairs of CHS (or of any consolidated group of companies of which CHS is a member) as the Trustee may from time to time reasonably request, and (ii) provide access to the facilities of CHS for the purpose of inspection by the Trustee during regular business hours or at such other times as the Trustee may reasonably request;

(d) Within ten (10) days after January 1, April 1, July 1 and October 1 of each year, notify the Trustee, in writing of any change in the Rating of CHS by Moody's.

Section 5.04. Taxes and Claims. CHS shall pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or on its income or properties prior to the date on which

penalties attach thereto, and all lawful claims which, if unpaid, might become a lien or charge upon any of its properties, provided that CHS shall not be required to pay any such tax, assessment, charge, levy or claim, the payment of which is being contested in good faith and by proper proceedings.

Section 5.05. Tax-Exempt Bond Covenants.

(a) CHS hereby covenants and agrees that:

(i) It shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the 2012 Bond shall, for purposes of federal income taxation, be and remain excludable from the gross income of the recipients thereof and that it will refrain from doing or performing any act or thing that will cause such interest not to be so excludable.

(ii) It will not make any investment or other use of the proceeds (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder) of the 2012 Bond which would cause the 2012 Bond to be "arbitrage bonds" (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder), and that it will comply with the requirements of such Code section and regulations throughout the term of the 2012 Bond.

(iii) It will not take or omit to take any action that would cause the 2012 Bond to lose its status as "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code.

(b) CHS hereby covenants that it will perform all undertakings of and pay all amounts due from the Authority pursuant to the requirements of **Section 405** of the Indenture and the Tax Regulatory Certificate and will deliver to the Trustee, in accordance with the Tax Regulatory Certificate,

(i) a written statement, with appropriate supporting schedules, of the amount, if any, determined as of any computation date specified in such Tax Regulatory Certificate to be payable to the United States government with respect to the 2012 Bond pursuant to Section 148(f) of the Code (which written statement and supporting schedules may be prepared by CHS or by an accounting, consulting or financial advisory firm retained by it for such purpose), and

(ii) sufficient funds (for deposit in the Rebate Fund) to make any payment required to be made under Section 148(f) of the Code, as disclosed in the written statement delivered pursuant to clause (i) above, accompanied by such related documentation as may be required to be filed with such payment.

CHS will retain records of all determinations made pursuant to the foregoing with regard to the 2012 Bond until six years after the retirement of the last Bond.

Section 5.06. Insurance. CHS will maintain, or cause to be maintained, insurance covering such risks and in such amounts as is customarily carried by such institutions and insurance on the Hospital Facilities, and which liability policies shall name the Authority and the Trustee as additional insured. CHS shall provide the Authority, on an annual basis, with a certificate of an Authorized Officer of CHS certifying that the insurance required by the preceding sentence is in force and that the Authority and the Trustee have been named on all such insurance policies as additional insureds as their respective interests shall appear as required by the preceding sentence.

Section 5.07. Observance of Terms of Documents. CHS shall comply with all of the terms and conditions and covenants applicable to CHS contained in this Loan Agreement and the Indenture. CHS shall cause, at its sole expense, the Indenture and all supplements thereto and this Loan Agreement and all supplements hereto, and all related financing statements, to be kept, recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the holders of the 2012 Bond and the rights of the Trustee under the Indenture and agrees that the Authority is not required to keep, record or file any such documents. CHS covenants that it will prepare, file and record any financing statements at its sole expense.

Section 5.08. Covenant With Bondholders. The Authority and CHS agree that this Loan Agreement is executed in part to induce the purchase by others of the 2012 Bond, and accordingly, all representations, warranties, covenants and agreements on the part of CHS and the Authority as set forth herein are declared to be for the benefit of the Trustee and the registered owners from time to time of the 2012 Bond and their respective successors and assigns.

Section 5.09. Investments. The Authority and CHS agree that all moneys in any fund established under the Indenture may be invested in such Qualified Investments as CHS may direct in writing; provided, however, that any such directions shall conform to the requirements of the Indenture. The Trustee is hereby authorized to trade with itself in the purchase and sale of securities as provided in **Section 805** of the Indenture.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Events of Default by Corporation. The occurrence of any of the following shall constitute an Event of Default hereunder:

(a) (i) Failure by CHS to make any payments under **Sections 4.01 or 4.02(a); or (ii)** failure by CHS to make any payments under **Sections 4.02(b) thru (g)** when due and such default shall not be cured within ten (10) days of written notice of such default, by the Trustee, the Authority or the Purchaser; or

(b) Failure by CHS to make any payment hereunder or in the performance of or compliance with any of the provisions, warranties, covenants, agreements, terms or conditions contained in this Loan Agreement, other than those specified in clause (a) above, which continues for (30) days following written notice thereof to CHS from the Authority or the Trustee except in the case of a default which cannot be cured within such (30) days, in which case the period shall be extended for such period as is reasonable to cure the same with due diligence, provided CHS commences such performance or compliance within (30) days and proceeds diligently to cure the same then, so long as CHS promptly commences cure and thereafter diligently pursues such cure to completion, then the cure period provided for herein shall be extended for a reasonable period within which CHS may complete such cure, such period not to exceed an additional ninety (90) days; or

(c) An order or decree shall be entered appointing one or more receivers or custodians for any of the revenues of CHS, or approving a petition filed against CHS seeking reorganization of CHS under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of CHS, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(d) Any proceeding shall be instituted, with the consent or acquiescence of CHS, or any plan shall be entered into by CHS, for the purpose of effecting a composition between CHS and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or Commonwealth statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from any part or all of the amounts payable by CHS under this Loan Agreement; or

(e) CHS (i) files a petition in bankruptcy or under Title 11 of the United States Code, as amended, (ii) makes an assignment for the benefit of its creditors, or (iii) consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the revenues of CHS from which the payments by CHS under this Loan Agreement may be made; or

(f) If (i) CHS is adjudged insolvent by a court of competent jurisdiction, (ii) on a petition in bankruptcy filed against CHS, CHS is adjudged as bankrupt or (iii) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of CHS, a receiver, custodian or trustee of CHS or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within (120) days from the date of entry thereof; or

(g) CHS shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of CHS or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) If any representation or warranty made by CHS herein or in any statement or certificate furnished to the Authority or the Trustee or the purchaser of any Bonds in connection with the sale of the 2012 Bond or furnished by CHS pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within thirty (30) days after written notice thereof to CHS by the Authority; or

(j) The occurrence of an event of default under the Master Indenture; or

(k) The occurrence of an Event of Default or an event of default under Section 7.1 of the Bond Purchase and Bank Covenants Agreement.

Unless and until the Authority or the Trustee shall have exercised any remedies upon an Event of Default, CHS (or any other person on behalf of CHS) may at any time (a) pay all accrued unpaid payments then due and owing on the outstanding balance of the Loan and all other sums which CHS is obligated to pay hereunder; and (b) cure all other existing defaults hereunder, and in every such case, such payment and cure shall be deemed to constitute a waiver of the default and its consequences as though the default had not occurred.

Section 6.02. Remedies Upon Event of Default. Upon the occurrence of an Event of Default:

(a) The entire outstanding balance of the Loan and any other sums which CHS is obligated to pay to the Authority hereunder shall immediately be due and payable if the Trustee shall have declared the acceleration of the 2012 Bond in accordance with the Indenture;

(b) The Trustee, after ten (10) days notice to CHS, may perform for the account of CHS any covenant of CHS hereunder in the performance of which CHS is in default or make any payment for which CHS is in default. CHS shall pay to the Trustee upon demand any amount paid by it in the performance of such covenant and any amounts which the Trustee shall have paid by reason of failure of CHS to comply with any covenant or provision of this Loan Agreement, including reasonable counsel fees incurred in connection with prosecution or defense of any proceedings instituted by reason of default of CHS, together with interest at a rate equal to the lesser of the highest rate permitted by applicable law and the cost of the money to the Trustee, from the date of payment until repayment by CHS; and

(c) The Authority or the Trustee may pursue any other right or remedy available at law or in equity.

Section 6.03. Waiver of Errors and Exemptions. CHS hereby waives and releases all technical errors, defects and imperfections whatsoever of a procedural nature in the entering of any judgment or any process or proceedings arising out of this Loan Agreement. CHS also waives the benefit of any law which now or hereafter might authorize the stay of any execution to be issued or any judgment recovered hereunder or the exemption of any property from levy or sale thereunder.

Section 6.04. No Remedy Exclusive. No right or remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other right or remedy herein or by law provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity or by statute.

Section 6.05. No Waiver Implied. No waiver by the Authority or the Trustee of any breach by CHS of any of its obligations, agreements or covenants hereunder shall be a waiver of any subsequent breach or of any obligation, agreement or covenant, nor shall any forbearance by the Authority or the Trustee to seek a remedy for any breach by CHS be a waiver by the Authority or the Trustee of its rights and remedies with respect to any subsequent breach.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Representations and Special Covenants of Authority. The Authority represents, warrants and agrees that:

(a) It is a public body corporate and politic constituting an instrumentality of the Commonwealth and is authorized under the Act to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. The Authority has duly authorized the execution and delivery of this Loan Agreement and will do or cause to be done all things necessary to preserve and keep it in full force and effect.

(b) The execution and delivery by the Authority of the 2012 Bond, this Loan Agreement and the Indenture and compliance with the provisions of such instruments will not constitute a breach of, or default under, any indenture, commitment, agreement or other instrument to which the Authority is a party or by which it is bound or, as presently construed, any constitutional or statutory provision, or rule, regulation, ordinance, judgment, order or decree to which the Authority or any of its property, is subject.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending or, to the best of its knowledge, threatened

against the Authority (nor is there any basis therefor) (i) which in any way questions the powers of the Authority to enter into this transaction or the validity of the proceedings taken by the Authority in connection with the issuance of the 2012 Bond, (ii) wherein an unfavorable decision, ruling or finding would materially adversely affect the transaction contemplated by this Loan Agreement, the Indenture or the 2012 Bond or (iii) which in any way would adversely affect the validity or enforceability of the 2012 Bond, this Loan Agreement or the Indenture (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby).

Section 7.03. Term of Agreement. This Loan Agreement shall remain in full force and effect for a term commencing on the date of the issuance of the 2012 Bond and terminating at such time as there are no Bonds outstanding under the provisions of the Indenture; provided, however, that this Loan Agreement and the obligation of CHS to make payments pursuant to the provisions of Article IV shall continue following the discharge of the 2012 Bond until such time as any amounts due to the Internal Revenue Service for rebate required by the Indenture and the Tax Regulatory Certificate, together with any other amounts due under this Loan Agreement, including, without limitation, payments as a result of CHS's indemnification, have been satisfied.

Section 7.04. Notices. Except as otherwise provided in this Loan Agreement, all notices, directions, certificates, requests, requisitions and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when received following mailing, addressed as follows or hand delivered to the following addresses:

If to the Authority:	South Fork Municipal Authority Attention: Authority Solicitor 969 Eisenhower Boulevard Suite E Johnstown, PA 15904
If to CHS:	Conemaugh Health System Inc. 1086 Franklin Street Johnstown PA 15095 Attention: Chief Financial Officer
If to the Trustee:	U.S. Bank National Association 225 West Station Square Drive Suite 620 Pittsburgh, PA 15219 Attention: Corporate Trust Services

A copy of each notice, direction, certificate, request or other communication given hereunder to the Authority, CHS or the Trustee shall also be given to the others. Any of the foregoing may, by notice given hereunder, designate any further or different addresses to which subsequent notices, directions, certificates, requests or other communications shall be sent.

Section 7.05. Parties in Interest. This Loan Agreement shall inure to the benefit of the Authority, CHS, the Trustee and their respective successors and assigns, and shall be binding upon the Authority and CHS, and their respective successors and assigns, and no other Person, other than the Trustee, the Bondholders and their respective successors and assigns, shall have any right, remedy or claim under or by reason of this Loan Agreement; provided, however, that, except as provided in the Act, neither the Authority, the County of Cambria, the Commonwealth nor any political subdivision thereof

shall be liable for the payment of the principal of or interest on the 2012 Bond or for the performance of any pledge, mortgage, obligation or agreement created by or arising out of this Loan Agreement or the issuance of the 2012 Bond, and, further, that neither the 2012 Bond nor any such obligation or agreement of the Authority shall be construed to constitute an indebtedness of the Authority, the County, the Commonwealth or any political subdivision thereof or a charge against their general credit or taxing powers within the meaning of any constitutional or statutory provisions whatsoever, but shall be limited obligations of the Authority payable solely out of the revenues derived from this Loan Agreement, or from the sale of the 2012 Bond or income earned on invested funds, as provided herein and in the Indenture. It is further understood and agreed by CHS, that the Authority shall incur no pecuniary liability hereunder, and shall not be liable for any expenses related hereto, including administrative expenses and fees and disbursements of Bond Counsel retained in connection therewith, all of which expenses CHS has agreed to pay. The Authority has no taxing power.

Section 7.06. Survival of Covenants, Conditions and Representations. All covenants, conditions and representations of CHS contained herein which, by nature, impliedly or expressly involve performance in any particular manner after the settlement pursuant to Article III or which cannot be ascertained to have been performed until after the said settlement shall survive said settlement.

Section 7.07. Amendments.

(a) Except for the amendments provided by **Section 7.07(b)**, this Loan Agreement may not be amended except in accordance with Article X of the Indenture as evidenced by an instrument in writing signed by the parties.

(b) **Section 5.05(b)**, concerning CHS's obligation to comply with the rebate requirements of Section 148(f) of the Code, may be amended by an instrument in writing signed by the parties hereto in the event that CHS delivers to the Trustee an Officer's Certificate accompanied by an Opinion of Counsel addressed to the Trustee to the effect that amendments to such Section are necessary or desirable to comply with the provisions of Section 148(f) of the Code.

(c) CHS shall reimburse the Authority for all reasonable costs and expenses, including, without limitation, reasonable attorney's fees, paid or incurred by the Authority in connection with any amendments or modifications of this Loan Agreement or to the Indenture and any document, instrument or agreement related hereto or thereto, and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications. A copy of any amendments shall be sent to each Rating Agency then rating the 2012 Bond at the request of CHS.

Section 7.08. Severability. If any clause, provision or section of this Loan Agreement shall be ruled invalid, illegal or unenforceable for any reason, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Loan Agreement shall be construed as if such clause, provision or section had not been contained herein.

Section 7.09. Counterparts. This Loan Agreement may be executed in several counterparts, any or all of which shall constitute one and the same instrument.

Section 7.10. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Authority and CHS have caused this Loan Agreement to be executed in their respective corporate names by their respective duly authorized officers, all as of the date first above written.

SOUTH FORK MUNICIPAL AUTHORITY

By: _____
Chairman

(SEAL)

ATTEST:

_____
Secretary/Treasurer

CONEMAUGH HEALTH SYSTEM INC., as Restricted Group Representative as aforesaid

By: _____
Chief Executive Officer

(SEAL)

ATTEST:

_____
Chief Financial Officer